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Shultz Says PLO Remains An Outsider

Differences Noted Between U.S., Allies

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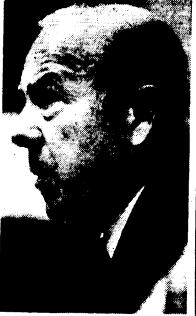
LONDON, Dec. 10—Secretary of State George P. Shultz said today that the Palestine Liberation Organization "excludes itself as a player" in the Middle East peace process and cannot expect to gain international acceptance while it refuses to accept Israel's right to exist,

"The PLO is not entitled to any payment in advance so long as it rejects what are the basic premises of the peace process." Shultz said in a wide-ranging speech that focused on what he called "tactical differences" between the United States and its European allies over such issues as the Middle East and Central America.

Emphasizing the "relation between power and diplomacy," he cited the longstanding U.S. refusal to deal with the PLO as an example of how the Reagan administration seeks to encourage negotiated settlements of disputes "by denying success to those who seek radical solutions."

At the beginning of a six-nation European trip, Shultz said that "unlike some of our European friends, we feel" that positive gestures toward the PLO while it has not accepted U.N. Security Council resolutions guaranteeing Israel's right to exist "only mislead its leaders into thinking their present inadequate policy is gaining them international acceptance and stature."

In his remarks to the Pilgrim Society, an organization dedicated to



GEORGE P. SHULTZ
... on a six-nation European trip

Anglo-American friendship, he asserted that willingness to negotiate fairly but from a position of strength is necessary "whether we speak of Israel, or our friends in Central America, or in Africa or Southwest or Southeast Asia." He acknowledged that it is in applying this approach that "we and our European friends have occasionally had tactical differences."

Although he did not say so explicitly. Shultz hinted that the administration plans to resume secret aid to guerrillas fighting the Marxist government in Angola and also may be preparing to ask Congress to lift the restraints on U.S. assistance to insurgents seeking to overthrow Nicaragua's Sandinista government.

"Sometimes help may be better given without open acknowledgment; covert action has been part of the arsenal of states since time immemorial, providing a means of influence short of outright confrontation," he said. "We should be prudent, realistic and always cognizant of the political dimension of the problem. Nevertheless, the factor of power is inescapable."